REMARKS

Claims 1, 6-7, 9-11, 13-14, 18, 25, 27, 30-36, 39-41, 70-75, 78-83 and 88 were pending. Applicant has amended claims 1, 14, and 18. No new matter has been introduced.

Election/Restrictions

Claim 13 is withdrawn from consideration as being directed to a non-elected invention.

Double Patenting Rejection

Claims 1-41 and 58-97 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over Claims 1-111 of copending application no. 10/931,792; over claims 1-52 of copending application no. 11/045,797; and claims 1-53 of copending application no. 11/262,292.

A terminal disclaimer is submitted to overcome the rejection of the claims over obviousness-type double patenting.

Rejections under 35 USC §112

1. Claim 1 recites being directed to a method of brokering health insurance plan, which is the basis for the restriction requirement issued August 5, 2008.

Claim 1 has been amended to recite selling of health related products or services.

2. Claim 1 recited "granting" tax free award points, however, the Examiner understands that granting points is quite distinct from recording points.

Claim 1 has been amended to use the phrase "calculating" in place of "granting."

3. Claim 1 recites points that are not convertible to cash or a cash equivalent. The Examiner understands that converting points to cash equivalent includes 1) purchasing by using points, 2) off-setting or discounting a purchase price by using points, and 3) using points in lieu of cash. As such, the Examiner understands the non-convertible

points are converted to cash equivalent. Therefore, the Examiner is uncertain if the points are convertible to cash equivalent or not.

The Applicant respectfully disagrees with the Examiner's interpretation of "cash equivalent." By definition, cash equivalent means asset that can be easily converted to cash. For a non-limiting example, airline miles fits with the Examiner's qualification above, but they do not typically qualify as cash equivalent since they cannot be easily converted to cash. Thus, the Applicant respectfully requests that the Examiner interprets points as not convertible to cash equivalent for examination purposes.

4. Claims 14 and 18 recite the limitation "the health care plan" in line. There is insufficient antecedent basis for this limitation in the claim.

Claims 14 and 18 have been amended accordingly to remove the reference to the health care plan.

5. Claim 1 is rejected under §112, first paragraph, as failing to comply with the written description requirement. Claim 1 recites "tax free award points" but Applicant's description does not include this limitation.

Claim 1 has been amended to characterize the points as "not treated as taxable income for federal income tax purposes at the time they are awarded or used". Such characterization is fully supported by the specification. The Examiner notes that "whether the points are tax free or have a particular status as transferable, convertible, or life-limited is nonfunctional descriptive material – describing the type of points awarded, but not altering the method being claimed." The Applicant respectfully disagrees. The object(s) of an action step in a method claim may carry patentable weight on the action. The ability to award points tax free for federal income tax purposes at the time they are awarded or used, instead of cash or cash equivalent rewards, is important to incentivize people to purchase products and services, especially health care insurance plans and health related products and services, using such points. In fact, the Applicant obtained a written ruling from IRS on November 5, 2004 (attached) that a member is not required under the law to report awarded points as gross income. Consequently, these points are tax-free for U.S. federal income purposes and should carry patent weight during the examination at least based on the IRS ruling.

Rejections under 35 USC §102

Claims 1, 6, 9-11, 27, 30, 32, 39-40, stand rejected under §102(e) as anticipated by Paasche et al. (US 7,359,871).

Rejections under 35 USC §103

Claims 7, 34-36, 41 and 88 stand rejected under §103(a) as obvious over Paasche (US 7,359,871).

Claims 25 stands rejected under §103(a) as obvious over Paasche in view of Kanter (US 5,537,314).

Claims 14, 18, 31 and 33 stand rejected under §103(a) as obvious over Paasche in view of Tooke III (US 2002/0035529).

Claims 70-75 and 78-83 stand rejected under §103(a) as obvious over Paasche in view of Tooke in further fiew of Annas (Annas, George J., *HIPAA Regulations – A New Era of Medical-Recorder Privacy?*, The New England Journal of Medicine, 348:1486-1490, April 10, 2003.

Paasche

Paasche does not disclose a first element of limiting the points that can be awarded to a member over a selected period of time by setting a cap on the maximum points and distributing the points that exceed the cap to its referrals. Although Paasche discloses performing "Point Value and Business Volumne (PV/BV) transfers from one IBO to another" (col. 33, 56-57, col. 67, lines 56-62), such transfer is between IBOs at the same level, not from one member to its downstream referrals. In fact, Passche does not limit the bonus to a member by a cap, nor does it distribute the points exceeding the cap to its downstream referrals. Redistributing the points exceeding a cap appropriately within the community (instead of letting the points expire) is crucial to incentivize the members especially the referrals and referrals of the referrals in the community to continue to make purchases even when the cap on their upline member has been reached.

Paasche also does not disclose a second element of awarding points that are tax free for federal income purposes. In fact, the rewards offered in Paasche are in the

form of performance bonuses, which are taxable compensation, not tax free points. The ability to award tax free points, instead of cash-like rewards, is important to incentivize people to purchase products and services, especially health care insurance plans and health related products and services, using such points.

Kanter, Tooke, and Annas

Kanter discloses a credit accumulation and accessing system; Tooke discloses systems and techniques for a health care consumer by inserting taxable and nontaxable resources into a health savings account and enabling the health care consumer to access the health savings account to reimburse a health care provider; Annas discloses that electronically conducted medical business is subject to HIPAA. There is no teaching in either Kantor or Tooke or Annas of 1) awarding, limiting, and re-distributing points awarded in a multi-level points awarding system and 2) the awarded points are tax free for federal income purposes. More specifically, Kantor discloses "applied to the purchase is an appropriate point discount, which is not greater than a maximum amount optionally established by the sponsoring company" (col. 24, lines 33-39). Thus, the limit is on the amount of rebate points that can be applied to purchase, not on points that can be earned. Although Kantor discloses determining "a point value" to be "applied to appropriate holding account subdirectories of parent accounts, which may include participants, participant's sponsors, or program sponsors" (col. 25, lines 22-30), such distribution is among the participants or parties at the same level as the participants, not on multi-level down stream referrals of the participant.

The prior art distinguished

Independent claim 1 has been amended to include the language of:

limiting the maximum points that can be awarded to the member over a selected period of time by setting a cap on the points; and

distributing the points that exceed the cap of the member to one or more of: members in (ii), members in (iii), and charitable organizations so that the exceeded points remain in a community of the service provider system.

As discussed above, neither Paasche nor Kanter nor Tooke nor Annas discloses limiting the points that can be awarded to a member by setting a cap on the points and distributing the points exceeding the cap to its referrals without being lost. Thus, they cannot render claim 1 obvious. Since the rest of the claims depend on claim 1, they are also allowable at least for depending from an allowable base claim. The Applicant respectfully requests all rejections with respect to these claims be withdrawn.

CONCLUSION

It is submitted that the present application is in form for allowance, and such action is respectfully requested.

The Commissioner is authorized to charge any additional fees which may be required, including petition fees and extension of time fees, to Deposit Account No. 50-4634 (Docket No. LIF 0004).

Respectfully submitted,

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